

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE REQUEST FOR )  
PROPOSALS AND THE REVIEW AND APPROVAL )  
OF ANY PROPOSED CONTRACT(S) FOR THE )  
PURCHASE OF WIND-GENERATED RENEWABLE ) PSC DOCKET NO. 16-1031  
ENERGY CREDITS BY DELMARVA POWER & )  
LIGHT COMPANY )  
(FILED NOVEMBER 1, 2016, REVISED JUNE )  
14, 2018, REVISED DECEMBER 21, 2018) )

**ORDER NO. 9353**

**AND NOW**, this 5<sup>th</sup> day of March 2019, the Delaware Public Service Commission ("Commission") determines and orders the following:

**WHEREAS**, Exelon Corporation ("Exelon") and Pepco Holdings, Inc. ("PHI") executed an Agreement and Plan of Merger on April 29, 2014, and an Amended and Restated Agreement and Plan of Merger on July 18, 2014; and

**WHEREAS**, on June 18, 2014, Exelon, PHI, Delmarva Power & Light Company ("Delmarva"), and other related entities (collectively, the "Joint Applicants") filed an application (the "Merger Application") with the Commission seeking approval of the proposed Merger of Exelon and PHI (the "Merger") and the resulting change in control of Delmarva pursuant to 26 Del. C. §§ 215 and 1016. The Commission opened PSC Docket No. 14-193 to review the Merger Application; and

**WHEREAS**, after evidentiary hearings, the Commission approved the Amended Merger Settlement Agreement and the Merger;<sup>1</sup> and

**WHEREAS**, Paragraph 84 of the Amended Merger Settlement Agreement contains an obligation for Delmarva to issue competitive requests for

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<sup>1</sup> See Order No. 8746, June 2, 2015.

proposals ("RFPs") to purchase wind Renewable Energy Credits ("RECs") on commercially reasonable terms in three tranches. The primary factor to be considered in the RFP bid process will be price. The first tranche will be for RECs from one or more wind renewable generating facilities with an aggregate capacity of up to 40 MW (nameplate) beginning in compliance years 2017-2018, and the second tranche will be will be for RECs from one or more wind renewable generating facilities with an aggregate capacity of up to 40 MW (nameplate) beginning in compliance years 2019-2020;<sup>2</sup> and

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<sup>2</sup> Paragraph 84 of the Merger Settlement Agreement provides as follows:

For the purpose of meeting the renewable portfolio standards under current law, Delmarva Power will issue a competitive request for proposals ("RFP(s)") to purchase wind Renewable Energy Credits ("RECs") on commercially reasonable terms in three tranches: (1) the first for RECs from one or more renewable generating facilities with an aggregate capacity of up to 40 MW (nameplate) beginning in the compliance years 2017-2018 for a term of 10 to 15 years; (2) the second for RECs from one or more renewable generating facilities with an aggregate capacity of up to 40 MW (nameplate) beginning in the compliance years 2019-2020 for a term of 10 to 15 years; and (3) the third for RECs from one or more renewable generating facilities with an aggregate capacity of up to 40 MW (nameplate) beginning in the compliance years 2023-2024 for a term of 10 to 15 years. The Settling Parties agree that if circumstances or conditions change (including but not limited to a material change in the projected load of Delmarva Power such that fewer RECs are required, or a substantial change in the cost of RECs through the spot market such that additional spot-market purchases in lieu of long-term contract purchases would be prudent), they will work in good faith with each other and present any proposed modification to the Commission as may be warranted by those changed conditions. The primary factor under the RFP bid process will be price, and all costs associated with the REC agreement(s) will flow through the Renewable Portfolio Compliance Rate surcharge currently in place to assure complete and timely cost recovery by Delmarva Power. Delmarva Power, with the concurrence of the Renewable Energy Task Force, shall file any such RFP pursuant to this paragraph with the Commission for its review and required approval prior to issuance. Any proposed contract(s) resulting

**WHEREAS**, on December 1, 2016, in Order No. 8990, this Commission approved the issuance of Tranche 1 and the revised RFP; and

**WHEREAS**, the Tranche 1 RFP was issued on February 17, 2017, and the lowest bidder was selected; however, near the conclusion of the negotiations of the final contract, the bidder informed Delmarva that it could not obtain the necessary contract security and a contract was never executed; and

**WHEREAS**, to address the fact that the Tranche 1 RFP did not result in a 40 MW REC contract, Delmarva created a Tranche 2 RFP with the following two changes from the previously approved Tranche 1 RFP: (1) an option for bidders to propose an additional 40 MW (i.e., up to 80 MW) in their bids; and (2) a modification to the contract security provisions to provide more options for the required contract security; and

**WHEREAS**, on June 14, 2018, Delmarva filed a Request to Approve Tranche 2 Request for Proposals for the Purchase of Wind-Generated Renewable Energy Credits, which included a revised redline of the Commission's previously approved RFP titled "Request for Proposals for Wind Renewable Energy Credits" and dated April 30, 2018; and

**WHEREAS**, on July 10, 2018, the Commission approved the revised Request for Proposals for Wind Renewable Energy Credits, which Delmarva issued on April 30, 2018, and filed with the Commission on June 14, 2018; and

**WHEREAS**, consistent with the provisions of Paragraph 84 of the Amended Merger Settlement Agreement, Delmarva must seek approval of any

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from the RFP shall also be submitted to the Commission for final review and approval before execution.

proposed REC purchase contract(s) resulting from the RFP through a subsequent filing in this docket; and

**WHEREAS**, on December 21, 2018, Delmarva filed an Application for Approval of Land Based Wind Ten Year Environmental Asset/Renewable Energy Credit Purchase Agreement ("Application"), along with prefiled testimony supporting the requested approval, the Third-Party Evaluation Report of Pace Global, and the proposed Environmental Attribute Purchase Agreement ("EAPA") between Delmarva and Avangrid Renewables, LLC, for RECs from 40 MW<sup>3</sup> project contract-related capacity; and

**WHEREAS**, the Application states that the RECs will be delivered starting August 2019; and

**WHEREAS**, based on the historical unit performance, the project is expected to deliver 103,808<sup>4</sup> RECs annually. RECs will be delivered monthly and tracked through PJM GATS;<sup>5</sup> and

**WHEREAS**, there was one public comment received in July 2018; and

**WHEREAS**, the Division of the Public Advocate and the Delaware Department of Natural Resources and Environmental Control both intervened; and

**WHEREAS**, Staff reviewed the Application and found the EAPA to be consistent with the Amended Settlement Agreement as approved in Order

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<sup>3</sup>Application, Exhibit 1, Facility Description, nameplate capacity rating is 208 MW. Exhibit 2, Contract Terms, the contract-related capacity is 40 MW.

<sup>4</sup>On page 7 of the Application page 7, the project has a contract-related nameplate capacity of 40 MW with a 29.625% Capacity Factor. Therefore, the number of RECs = 40 MW\*8760\*0.29625 = 103,808 MWh; 8760 is the number of hours in a year.

<sup>5</sup>"GATS" means the generation attribute tracking system developed by PJM. See 26 Del. C. § 352(9) and 26 Del. Admin. C. § 3008-1.1.

No. 8746 and Order No. 9032, and comporting with Order No. 9244 in which the Commission approved Delmarva's Tranche 2 Wind REC RFP; and

**WHEREAS**, the Commission conducted an evidentiary hearing, heard testimony and deliberated in a public meeting;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE OF NOT  
FEWER THAN THREE COMMISSIONERS:**

1. The Commission approves Delmarva's Application filed December 21, 2018 for the proposed contract known as the Environmental Attribute Purchase Agreement between Delmarva and Avangrid Renewables, LLC.

2. The Environmental Attribute Purchase Agreement is for 103,808 RECs at a fixed price of \$8.10/REC for ten (10) years with a contract start date of June 2019 from Avangrid Renewables, LLC's Desert Wind facility located in Pasquotank County, North Carolina.

3. Delmarva is hereby notified that it will be charged the costs of this proceeding under 26 Del. C. § 114(b)(1).

4. That the Commission reserves the jurisdiction and authority to enter such further orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

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Chairman

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary